



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
DELAWARE STATE BUILDING
820 N. FRENCH STREET
WILMINGTON, DELAWARE 19801

DIVISION OF REVENUE
TAX RULING 80-3

March 14, 1980

- Personal Income Tax
Taxation of Unemployment Compensation

Under the law prior to 1979, unemployment compensation payments were not includible in gross income for Federal tax purposes or for Delaware purposes. However, the Federal income tax law was amended effective January 1, 1979, to provide that some or all of the unemployment compensation received by an individual may have to be included in income. To the extent that such unemployment compensation is required to be included in Federal adjusted gross income, it is automatically included in gross income for Delaware tax purposes under Section 1105, 30 Del. C.

The Federal law provides for including in gross income the lesser of: (1) the total unemployment compensation, or (2) half the amount, if any, by which the sum of the adjusted gross income (not including unemployment compensation), plus any disability income exclusion, and the total unemployment compensation exceeds the applicable statutory base amount.

The statutory base amount is as follows: (1) \$20,000, if you are single, or married but live apart from your spouse for the entire tax year and do not file a joint return; or (2) \$25,000 if you are married and file a joint return; or (3) zero, if you are married, do not file a joint return and do not live apart from your spouse for the entire tax year. If the modified adjusted gross income does not exceed the applicable statutory base amount, none of the unemployment compensation is includible in gross income.

EXAMPLE

Assume H and W are married taxpayers who for calendar year 1979 file a joint income tax return. During 1979 H and W had

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adjusted gross income, other than unemployment compensation, of \$24,000, and H also received \$4,000 of unemployment compensation, and no disability income.

Adjusted Gross Income Other Than Unemployment Compensation	\$24,000
Plus: Unemployment Compensation	\$ 4,000
Total:	\$28,000
Less: Base Amount for Married Filing Joint Return	\$25,000
Excess:	\$ 3,000

Since half the excess (\$1,500) is less than the total unemployment compensation received (\$4,000), \$1,500 is included in Federal adjusted gross income for the year.



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Director of Revenue